



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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July 2, 2015

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo 
Auditor-Controller

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES – OVERTIME
REVIEW**

In 2008, over 240 Department of Children and Family Services (DCFS or Department) employees sued the County alleging they had not been compensated for overtime worked. The County settled the lawsuit in 2011, for approximately \$2.5 million. DCFS' corrective action plan resulted in countywide training, including training of County employees and supervisors on Fair Labor Standards Act (FLSA) requirements, timesheet approvals, and overtime policies.

In June 2014, we issued a follow-up report to our DCFS Payroll and Personnel review that was conducted in 2007. During our follow-up review, we noted that DCFS had not fully implemented corrective action in many areas, including policies relating to the 2011 corrective action plan. In order to determine the extent of the problem, and because violations of the FLSA are a potential liability to the County, we performed a separate review specifically focused on the Department's compliance with FLSA and County time keeping policies. Our review included interviews with DCFS staff and management, and a review of employees' timesheets, network usage reports, and mileage claims.

Summary of Findings

We confirmed that DCFS employees do not always record actual hours worked (including overtime) on their timesheets. Based on interviews at eight Regional Offices, DCFS employees' understanding of when overtime can be worked/claimed varied depending on the office we visited. Based on discussions with DCFS management, the

Department does not have sufficient monitoring practices in place to ensure sustained compliance with off-the-books overtime and time keeping standards. Details of our findings are included in Attachment I.

The following are examples of issues noted during our review:

- **Overtime not claimed for time spent working remotely outside of employees' regular work schedules** – Some Children's Social Workers (CSWs) are assigned a token that allows them to remotely access the Child Welfare Services/Case Management System (CWS/CMS) or other files through the Internal Services Department's (ISD) network. ISD has software tools that record the details (e.g., date, start/end time, etc.) each time a CSW connects remotely to the network. We reviewed timesheets for 40 CSWs who used their remote access to log into the County network outside of their regular work schedules (e.g., after their shift, Regular Days Off (RDOs), weekends, etc.) from April through July 2014. We determined that employees accessed the network for approximately 2,160 hours outside of their regular work schedules, and did not claim overtime. We interviewed 34 CSWs, and 30 (88%) confirmed that they had worked outside of their regular work schedule and did not always claim overtime.

DCFS' attached response indicates that they will correct the employees' timesheets to accurately reflect overtime worked. In addition, DCFS plans to monitor network usage to verify that all after hour usage is recorded on employee timesheets. The Department will develop and implement training to reinforce time keeping standards related to overtime and timecard coding.

- **Mileage claims do not match employee timesheets** – During employee interviews, CSWs indicated that they occasionally visited clients after their regular work hours or on weekends, and did not always claim overtime. We compared 3,160 employee mileage claims submitted during a four-month period with the corresponding timesheets. We noted that 805 (25%) employees claimed mileage on 1,440 days (i.e., RDOs, weekends, or holidays), but did not claim any hours worked or overtime for these days on their timesheets.

DCFS' attached response indicates that they have contacted the Auditor-Controller's Systems Division to establish access to the Mileage Authorization & Reimbursement System and time collections extract files to create management reports that reconcile mileage claims and approved time reported by employees.

- **Employees do not record actual hours worked on their timesheets** – In addition to the overtime issues described above, 21 (62%) of the 34 employees we interviewed indicated that they occasionally "flex" their time. "Flex" time refers to working more or fewer hours than a regular shift on some work days

and, taking time off or making up the time in the future. The staff we interviewed reported scheduled hours worked rather than actual hours worked on their timesheets. The use of flex time can result in some of the hours worked becoming overtime depending on the pattern of work hours within a work week.

DCFS' attached response indicates that they sent all employees an e-mail reminder regarding overtime requirements and the FLSA. The e-mail included a reminder that they will be subject to disciplinary action for signing or approving inaccurate timesheets.

Acknowledgement

We discussed our report with DCFS management. The Department's response (Attachment II) indicates general agreement with our findings and recommendations, and describes the actions they have taken or plan to take to implement our recommendations.

We thank DCFS management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:RS

Attachments

c: Sachi A. Hamai, Interim Chief Executive Officer
Philip L. Browning, Director, DCFS
Patrick Ogawa, Acting Executive Officer, Board of Supervisors
Public Information Office
Audit Committee

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
OVERTIME REVIEW**

Background and Scope

Wage and hour provisions of the federal Fair Labor Standards Act (FLSA) govern most Department of Children and Family Services (DCFS or Department) job classifications, including some of DCFS' larger job classification series such as Children's Social Worker (CSW), Eligibility Worker, and Typist-Clerk. A job classification would be exempt from FLSA wage and hour provisions based in-part on the duties performed, which can generally be described as manager or executive duties. Job classifications that are not exempt from FLSA coverage are commonly referred to as "covered." DCFS has over 7,700 budgeted positions, including at least 6,400 covered positions.

In 2008, over 240 DCFS employees sued the County alleging FLSA wage and hour violations related to uncompensated overtime. In 2011, this lawsuit was settled with the County paying plaintiffs approximately \$2.5 million. The corrective action plan in this case resulted in countywide training on FLSA requirements, timesheet approvals, and overtime policies.

In June 2014, we issued a follow-up report to our DCFS Payroll and Personnel review that was conducted in 2007. While performing our 2014 review, we found instances where covered employees did not always record overtime hours worked on their timesheets. In order to determine the extent of the problem, and because violations of the FLSA are a potential liability to the County, we performed a separate review specifically focused on the Department's compliance with FLSA and County time keeping policies. Our review included interviews with DCFS staff and management, and a review of employees' timesheets, network usage reports, and mileage claims.

COMMENTS AND RECOMMENDATIONS

Overtime

The FLSA requires employers to maintain accurate time records for all covered employees, and the County Fiscal Manual (CFM) Section 3.1.7 requires that timesheets reflect time that is actually spent working, and include any variances (i.e., overtime and time off). County Code Chapter 6.15.030 states overtime worked should be compensated by compensatory time or paid overtime.

Network Usage

DCFS has over 4,000 staff in the CSW classification series. Some of these staff are assigned a token that allows them to remotely access the Child Welfare Services/Case Management System (CWS/CMS) or other files through the Internal Services Department's (ISD) network. ISD maintains the computing infrastructure through which DCFS employees access the network and CWS/CMS. ISD has in place software tools

that record the details (e.g., date, start/end time, etc.) each time a user connects to the network.

Based on ISD's records, 2,400 DCFS employees remotely accessed the network for a four-month period. We reviewed the network usage of 40 CSWs who accessed the network for sessions of 15 minutes or more outside of their regular work schedule (e.g., after their shift, Regular Days Off (RDOs), weekends, etc.) from April through July 2014 to determine whether the employees accurately claimed overtime hours worked on their timesheets. The 40 employees accessed the network for approximately 2,160 hours, without claiming overtime. One employee had network usage of 169 hours but did not claim any overtime on his timesheet.

Due to the inaccuracy of work hours recorded on DCFS employees' timecards, we are unable to determine the portion of the 2,160 network access hours outside of regular work schedules that should have been claimed as overtime, used as flex time (discussed below), or some combination of overtime and flex time. For purposes of perspective, and using a composite CSW hourly overtime rate applied to only half of these hours, the employees in our sample would have accumulated approximately \$59,000 in overtime earnings during our four-month sample period. The amount of potential unclaimed overtime among all the Department's covered employees, projected for an entire year, would have been higher.

Employee Interviews

We interviewed 34 CSWs and 30 (88%) of them confirmed that they had worked outside of their regular work schedule, but did not claim overtime (i.e., off-the-books overtime). Although the CSWs we interviewed did not track the amount of off-the-books overtime worked, some estimated that they worked a couple of hours each time they connected to the network.

CSWs indicated that when they connect to the network outside of their regular work hours, they primarily work on writing court reports and entering case notes into CWS/CMS to document client visits. CSWs also indicated that due to what they describe as their high caseloads, it is not unusual to work off-the-books overtime to finish work that cannot be completed during their scheduled work hours.

Some of the CSWs interviewed stated that they occasionally work off-the-books overtime from their personal computers without connecting to the network, and also conduct client visits outside of their regular work schedule. A CSW's use of their personal computer to perform work for the Department would not be reflected in the network usage data indicated above. The employees we interviewed who utilized their personal computers indicated they generally worked on court reports at home and used their personal e-mail to transmit the reports back to their work e-mail. This practice can result in sensitive and confidential juvenile client information being stored and transmitted in an unsecure manner. DCFS needs to establish and implement a policy

that forbids employees from using their personal computing devices for the preparation, storage, or transmission of sensitive or confidential information.

The CSWs we interviewed provided the following reasons for not claiming all the overtime they work:

- They are only allowed to claim overtime for face-to-face contact with the client(s).
- They do not want their supervisors to think that they are not capable of completing their work during regular work hours.
- They prefer not to request and claim overtime hours because the overtime pre-approval process is time-consuming and cumbersome.
- They believe working outside of their regular schedule is part of the job, and do not feel it's necessary to claim overtime.

Many of the CSWs we interviewed indicated that their supervisors are aware that they do not claim all of the overtime they work.

We also interviewed eight Supervising CSWs (SCSW) to determine if they were aware that CSWs do not report all their overtime on their timesheets. The SCSWs provided the following responses:

- One SCSW admitted she was aware that her staff worked off-the-books overtime. The SCSW stated that working off-the-books overtime is part of the job, and that she also does it herself.
- One SCSW prohibits her staff from claiming overtime if they do not submit the overtime pre-approval form in a timely manner.
- The remaining six SCSWs stated that they remind staff to claim overtime.

Flex Time

In addition to the unrecorded overtime issues noted above, 21 (62%) of the 34 employees we interviewed indicated that they also “flex” their time. “Flex” time refers to working more or fewer hours than a regular shift on some work days, and taking time off or making up the time in the future. The use of flex time can result in some of the hours worked becoming overtime depending on the pattern of work hours within a work week.

Some staff we interviewed reported scheduled hours worked rather than actual hours worked on their timesheets, which is contrary to the CFM Section 3.1.7, which requires all variances and/or hours worked to be accurately reported on the employee's timesheet. None of the employees or supervisors we interviewed kept records of flex time earned or taken. In one instance, an employee worked her Monday RDO, and

took off Thursday instead without reflecting actual hours/days worked on her timesheet. Other employees stated that they work late one day, and leave early on a different day without reflecting the actual hours worked on their timesheet.

Mileage Claims

During employee interviews, CSWs informed us that they sometimes visit clients after their regular work hours or on weekends, and do not always claim overtime. When traveling for County business, employees can be reimbursed for miles driven using their personal vehicles by completing a mileage claim or electronic mileage reimbursement process, both of which include each employee's provision of specific details regarding their trip (e.g., date, time, address, etc.).

In order to determine whether employees appropriately claimed overtime for client visits made outside of their regular work schedule, we compared 3,160 employee mileage claims submitted during April through July 2014 with the corresponding timesheets. We noted that 805 (25%) employees claimed mileage on 1,440 days (i.e., RDOs, weekends, or holidays), but did not claim any hours worked or overtime on their timesheets for these same days. For example, one employee claimed mileage on five days they were scheduled to be off (i.e., weekends and RDOs), but did not claim any overtime.

Since mileage claims and timesheets are reviewed and approved by employees' supervisors, the supervisors should be aware when their staff travel outside of their regular work hours and do not claim overtime. Supervisors we spoke with gave varying reasons for approving mileage claims that do not match timesheets. For example, some supervisors were aware that their staff work unrecorded overtime, and others stated that staff were flexing their time on their timesheets, but reported actual times on their mileage claims.

DCFS needs to ensure employee timesheets reflect actual hours worked. DCFS should also remind employees and supervisors that signing or approving inaccurate timesheets may result in disciplinary action. DCFS also needs to establish and implement a policy that forbids employees from using their personal computing devices or e-mail for the preparation, storage, or transmission of sensitive or confidential information. In addition, DCFS needs to implement a compliance program, to regularly monitor and enforce Department-wide compliance with time keeping policies, and establish a program of ongoing training for all employees to reinforce time keeping requirements.

Recommendations

Department of Children and Family Services management:

- 1. Ensure employee timesheets reflect actual hours worked.**

2. **Remind employees and supervisors that signing or approving inaccurate timesheets may result in disciplinary action.**
3. **Establish and implement a policy that forbids employees from using their personal computing devices or e-mail for the preparation, storage, or transmission of sensitive or confidential information.**
4. **Implement a compliance program, to regularly monitor and enforce Department-wide compliance with time keeping policies.**
5. **Establish a program of ongoing training for all employees to reinforce time keeping standards.**

Policies and Procedures

Based on our interviews, it appears that DCFS employees do not always have a clear understanding of Departmental overtime policies and procedures. Employees explained different scenarios when they believe overtime can be worked/claimed depending on the office we visited. For example, employees in one office believe overtime can be worked to complete court reports. However, in another office, employees believe overtime can only be worked in order to meet with clients. In addition, some offices allowed employees to flex their time, while others did not.

We also noted that the overtime pre-approval process is inconsistent throughout the Department. For example, some managers accept an e-mail from the employee as an overtime request, while other managers require an overtime approval form to be completed that identifies cases to be worked, a description of work to be done, overtime hours required, etc.

DCFS management should review their current overtime policies and procedures to determine if any changes are necessary, and ensure that they are consistently enforced throughout the Department.

Recommendations

Department of Children and Family Services management:

6. **Review current overtime policies and procedures to determine if any changes are necessary, and implement accordingly.**
7. **Ensure overtime policies and procedures are consistently enforced throughout the Department.**



PHILIP L. BROWNING
Director

**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

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June 15, 2015

To: John Naimo
Auditor-Controller

From: Philip L. Browning
Director

A handwritten signature in blue ink, appearing to be "P. Browning", written over the printed name and title.

RESPONSE TO THE AUDITOR-CONTROLLER'S DEPARTMENT OF CHILDREN AND FAMILY SERVICES – OVERTIME REVIEW

Attached is the Department of Children and Family Services' (DCFS) response to the Auditor-Controller's (A-C) report, which details the A-C's findings of DCFS Overtime Review. We have thoroughly reviewed the report and carefully taken into consideration the issues and recommendations outlined. We generally agree with the recommendations contained within this report and we have initiated and actively pursued a corrective action plan that strengthens management controls over overtime and timekeeping standards to implement all of the recommendations by October 1, 2015. In regards to the mismatch of mileage claims and employee timesheets, we would like to consult with your A-C Systems Division regarding the feasibility of leveraging the use of technology for the reconciliation of mileage claim submissions with approved time documents to detect and prevent mileage claims being paid on days where hours worked are not recorded.

We appreciate the opportunity to have DCFS' responses directly included with your final report to the Board of Supervisors. My Department is committed to improving internal practices to ensure compliance with County Fiscal Policies and thank your staff for the time and resources devoted to review our operations.

If you have any questions or require additional information, please have your staff contact Cynthia McCoy-Miller, Senior Deputy Director, at (213) 351-5847.

Thank you.

PLB:CMM
KLW:ow

Attachment

c: Cynthia McCoy-Miller, Senior Deputy Director
Keisha Lakey-Wright, Departmental Human Resources Manager III

"To Enrich Lives Through Effective and Caring Service"

Attachment I

**AUDIT RESPONSE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
OVERTIME REVIEW**

Recommendation #1

Ensure employee timesheets reflect actual hours worked.

DCFS Response: Agree. The Department has researched the individual exceptions identified during this review, and Executive Management has directed region/program managers to take appropriate administrative action, up to and including discipline for instances in which policy violations were discovered. In addition, impacted employees have been instructed to correct timesheets in order to accurately reflect overtime worked, and Payroll is processing adjustments, as appropriate.

Since May 2013, Human Resources Division (HR) has regularly distributed the "Time Reporting and Attendance Controls Guide," to all employees as a means to reiterate time keeping policies and standards. This memorandum documents time keeping responsibilities, including instructions, regarding the accurate completion, certification, submission and approval of timesheets.

As an additional control mechanism, the Department is in the process of acquiring a Virtual Private Network (VPN) usage report (a similar tool to the one used when conducting the analysis for this review) from the Internal Services Department (ISD) to assist management with monitoring non-exempt employees when they log onto the VPN after hours. This report will be distributed to the Regional Administrators/Division Chiefs on a quarterly basis for review and verification that all VPN usage was approved and recorded properly. Human Resources (HR) will review VPN report responses received, and staff identified as non-compliant with overtime policy will be issued a letter of corrective action. The Internal Controls Section (ICS) will also perform quarterly Quality Assurance (QA) reviews in this area and will notify Bureau Management and HR of any findings of staff not in compliance with overtime policy for corrective action.

Furthermore, the Department will develop and implement a Payroll module as part of the HR Skills Training Program to reinforce time keeping standards with all DCFS staff. The training will be conducted three (3) times a year and the module will focus on overtime and timecard coding to ensure compliance with time keeping policies.

Recommendation #2

Remind employees and supervisors that signing or approving inaccurate timesheets may result in disciplinary action.

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DCFS Response: Agree. A Department-wide Overtime Requirements & Fair Labor Standards Act (FLSA) Compliance email reminder, which included the Time Reporting and Attendance Controls Guide, was re-distributed electronically to all employees on May 29, 2015. Through this communication, employees and supervisors were reminded that they will be subject to disciplinary action for signing or approving inaccurate timesheets. In addition, beginning with the June 2015 issue of the HR Newsletter, an overtime requirements and FLSA compliance reminder will be added to each quarterly issue as another means of ensuring regular reiteration of these requirements.

Recommendation #3

Establish and implement policy that forbids employees from using their personal computing devices or email for the preparation, storage, or transmission of sensitive or confidential information.

DCFS Response: Partially agree. The Department currently has a Management Directive (MD) #11-02, which states, in relevant part: "Department staff must understand the policy regarding the use of portable computer/electronic devices and portable media; and the required protection of personal and/or confidential information used or maintained by the Department and County that resides on such devices, whether or not the devices are owned or provided by the Department." The MD also states, "Do not store case record information on any non-County computer or portable device." The Department will reevaluate MD#11-02 to determine if any changes are necessary. If revisions are required, the Department will consult with the Chief Information Office, County Counsel, and SEIU Local 721 to make revisions by October 2015.

Recommendation #4

Implement a compliance program to regularly monitor and enforce Department-wide compliance with time keeping policies.

DCFS Response: Agree. The Department is in the process of acquiring a VPN usage report from ISD to assist management with monitoring of non-exempt employees when they log onto the VPN after hours. The report will be distributed to the Regional Administrators/Division Chiefs on a quarterly basis for review and verification that all VPN usage was approved and recorded properly. HR will review VPN report responses received, and staff identified as non-compliant with overtime policy will be issued a letter of corrective action. The ICS will also perform quarterly QA reviews in this area and will notify Bureau Management and HR of any findings of staff not in compliance with overtime policy for corrective action.

In addition, DCFS Business Information Systems Division (BIS) has initiated contact with the A-C Systems Division to establish access to the MARS and Time Collection extract files to create management reports that reconcile mileage

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claims paid with approved time reported by employees. This will provide the department a detective control to regularly monitor and enforce compliance with time keeping and mileage policies.

Additionally, the Department will develop and implement a Payroll module as part of the HR Skills Training Program to reinforce time keeping standards with all DCFS staff. The training will be conducted three (3) times a year and the module will focus on overtime and timecard coding to ensure compliance with time keeping policies.

Recommendation #5

Establish a program of ongoing training for all employees to reinforce time keeping standards.

DCFS Response: Agree. The Department will develop and implement a Payroll module that will be added to the HR Skills Training Program to reinforce time keeping standards with all DCFS staff. The training will be conducted three (3) times a year and the module will focus on overtime and timecard coding to ensure compliance with time keeping policies. All employees that are found to be in violation of the FLSA and County Code requirements will be required to attend the next available HR Skills Training Program module that focuses on Payroll.

Recommendation #6

Review current overtime policies and procedures to determine if any changes are necessary, revise and implement accordingly.

DCFS Response: Agree. The Department will reevaluate the overtime policy to determine if any changes are necessary. If revisions are required, the Department will consult with the Chief Executive Office, Auditor-Controller, County Counsel, and SEIU Local 721 to make revisions by October 2015.

Recommendation #7

Ensure overtime policies and procedures are consistently enforced throughout the Department.

DCFS Response: Agree. The Department currently reviews all overtime activity via Exempt and Non-Exempt Overtime Activity Reports. Any discrepancies are returned to the unit of origination for correction if they do not meet approval guidelines. HR will also review VPN report responses received, and all employees that are found to be in violation of the FLSA and County Code requirements will be issued a letter of corrective action and will be required to attend the next available HR Skills Training Program module that focuses on Payroll.